Nova Scotia

ANNUAL REPORT

for the year
ending July 31, 1986

Provincial Grain Commission

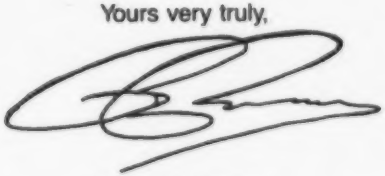
His Honour
The Honourable Alan R. Abraham, C.D.
Lieutenant-Governor of the
Province of Nova Scotia
Government House
Halifax, Nova Scotia

Dear Sir:

I have the honour to transmit herewith the Annual Report of the Provincial Grain Commission for the year ended July 31, 1986.

I am, Your Honour,

Yours very truly,



Roger S. Bacon

The Honourable Roger Bacon
Minister of Agriculture and Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, Nova Scotia
B3J 2M4

Dear Sir:

Presented herewith, in accordance with Section II(2) of the Provincial Grain Commission Act, is the Annual Report of the Provincial Grain Commission for the year ended July 31, 1986.

Respectfully submitted,

Ted Ueffing
Chairman

Robert E. Dechman
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1986

Commission Members
T. Ueffing—Chairman
G. Coldwell—Vice-Chairman
T. Mattie
J. Peill
J. Johnson
W. Cock
G. Parker

Staff
R. Dechman—Secretary-Manager
B. Barkhouse—Supervisor, Steam Mill Grain Centre
R. Quartermain—Grader
E. Canfield—Manager, Bayhead Grain Centre
M. Watters—Accounting Clerk

Background

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant Governor May 19, 1977. Under the Act, grain means wheat, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor in Council.

Objectives

The objectives and powers of the Commission, as set down by the Act, are:

1) to buy, sell, store, dry, grade, and distribute grain and to promote grain production;
2) to establish prices and make initial and final payments for grain purchased or marketed by the Commission;
3) to acquire, hold, or lease real and personal property;
4) to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain;
5) to administer grain production incentive programs as requested by the Minister;
6) to enter into and carry out agreements and arrangements for the

use, operation, management, and control of grain drying and storage facilities;
7) to carry out such other functions and discharge such other duties as the Minister may from time to time approve or determine.

With the approval of the Governor in Council, the Commission has made regulations:

a) respecting the conditions of purchase, sale, and distribution of grain by the Commission;
b) respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the Commission;
c) fixing the dates of advance and final payments each year;
d) fixing rates charged for drying, storing, grading, and handling of grain handled by the Commission.

Change in Fiscal Year

The previous annual report, for the period ending July 31, 1985, was for a 16-month period to bring the year-end for the Commission to the time consistent with the practices of the grain industry. Therefore, the comparison figures used in this report for the 1984–85 year are for a 16-month period and should be used accordingly.

Summary

Grain-Handling Facilities: The Commission operated three grain-handling facilities in the province: one at Steam Mill, Kings County; one at Bayhead, Colchester County; and a third at Middleton, Annapolis County. The services of grading, drying, storing, assembling, and shipping were provided to grain producers at all three locations. Protein evaluation was done on all loads of wheat delivered to the Steam Mill Grain Centre at the time of delivery. Evaluations of samples from loads delivered to the other locations were completed after delivery.

Advance Payments: On June 19, 1985, the Commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Winter Grain Marketing Board for distribution to growers based on the amount of grain delivered. Advances were provided totalling $498,001.64.

Upgrading of Facilities: A grain drier and one additional storage tank were added to the Middleton Grain Centre in order to better serve

the producers in western Kings and Annapolis counties. Additional storage capacity was also added at the Steam Mill Grain Centre to better accommodate the variety of grain crops delivered by producers in that area of the province.

Producer Associations: Marketing for all grains was the responsibility of the Nova Scotia Winter Grain Marketing Board, and a close working relationship between the Commission and the Board was maintained. This arrangement has further strengthened the approach to orderly marketing and permitted efficiencies in the operation of facilities and marketing pools.

Operational Report

Advance Payments: The following table outlines the funds used, the number of producers participating in the various marketing pools, and the advances received by each pool.

Table I
ADVANCE PAYMENTS BY COMMODITY

	Tonnes		No. of Producers		Total Advances	
Type of Grain	1985–86	1984–85	1985–86	1984–85	1985–86	1984–85
Wheat	2,489	3,531	53	81	177,218.93	247,319.91
Rye	1,196	1,407	43	60	83,012.44	98,515.69
Barley	1,153	1,326	55	52	77,807.73	92,840.23
Oats	884	1,733	62	94	35,018.24	108,703.84
Hulless oats	106	—	1	—	6,360.00	—
Corn	1,709	1,723	24	27	101,596.80	124,233.16
Soybeans	101	323	8	12	8,939.25	25,372.71
Canola	94	—	9	—	8,048.25	—
Total	7,732	10,043	255	326	498,001.64	696,985.54

Grain-Handling Facilities: The volume of grain handled by the Commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II
GRAIN HANDLED AT STEAM MILL GRAIN CENTRE
(Tonnes)

	1985–86			1984–85 (16 Months)		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	2,416.1	293.0	2,709.1	3,111.9	1,403.9	4,515.8
Rye	1,313.7	—	1,313.7	1,282.9	—	1,282.9
Barley	1,008.3	8,905.9	9,914.2	868.4	11,755.8	12,624.2
Oats	852.1	—	852.1	1,128.0	—	1,128.0
Corn	1,521.4	7,135.5	8,656.9	2,960.6	12,061.8	15,022.4
Mixed grain	—	507.6	507.6	—	—	—
Soybean meal	—	801.0	801.0	—	1,670.9	1,670.9
Canola meal	—	70.5	70.5	—	83.9	83.9
Other	4.1	139.4	143.5	—	184.9	184.9
Total	7,115.7	17,852.9	24,968.6	9,351.8	27,161.2	36,513.0

Table III
GRAIN HANDLED AT BAYHEAD GRAIN CENTRE
(Tonnes)

	1985–86			1984–85 (16 Months)		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	166.6	243.1	409.7	184.0	327.2	511.2
Rye	15.3	—	15.3	33.9	—	33.9
Barley	530.6	1,444.6	1,975.2	539.6	1,758.5	2,298.1
Oats	460.2	—	460.2	769.9	—	769.9
Corn	—	82.0	82.0	—	376.9	376.9
Canola	93.9	—	93.9	80.6	—	80.6
Soybean meal	—	76.3	76.3	—	—	—
Soybean	7.8	—	7.8	33.3	—	33.3
Total	1,274.4	1,846.0	3,120.4	1,641.3	2,462.6	4,103.9

Table IV
GRAIN HANDLED AT MIDDLETON GRAIN CENTRE
(Tonnes)

	1985–86			1984–85 (16 Months)		
Types of Grain	Local	Western	Total	Local	Western	Total
Wheat	65.7	–	65.7	259.0	–	259.0
Rye	193.8	–	193.8	247.7	–	247.7
Barley	468.7	–	468.7	413.3	146.1	559.4
Oats	320.1	–	320.1	263.3	–	263.3
Corn	277.9	–	277.9	354.5	80.3	434.8
Total	1,326.2	–	1,326.2	1,537.8	226.4	1,764.2

Special Note: Weather conditions during harvest were extremely difficult for producers, most of whom experienced depressed yields and higher than normal moisture at harvest time. This high-moisture grain presented difficulties in the operation at the grain driers at the grain centres and resulted in the downgrading of some grain due to drier damage. This downgrading is reflected in the Statement of Income and Retained Earnings under the item Profit on Commission-owned grain.

Acknowledgements

The Provincial Grain Commission wishes to acknowledge the assistance received from producers and producer associations, in particular, the Nova Scotia Winter Grain Marketing Board, and the work it has done on behalf of all grain producers in the province.

The Commission wishes also to acknowledge the co-operation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the Commission wishes also to acknowledge the contributions by its operational staff in the dedication to their work and the effort they have put forward to serve their clientele.

AUDITOR'S REPORT

To the Chairman and Members of the
Provincial Grain Commission and to
the Minister of Agriculture and Marketing

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1986 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
September 26, 1986

BALANCE SHEET
AS AT JULY 31, 1986

ASSETS

	1986	1985
Current		
Cash (Note 4)	$1,141,043	$1,208,659
Short term investments	250,000	200,000
Accounts receivable	122,067	132,632
Accrued interest	9,128	6,859
Advances receivable (Note 5)	53,597	72,157
Grain inventory	58,842	48,505
	$1,634,677	$1,668,812

LIABILITIES AND EQUITY

Currents		
Accounts payable	$ 17,804	$ 29,071
Due to producers	6,186	—
	23,990	29,071
Long Term		
Advance from Province of Nova Scotia	950,000	950,000
Retained Earnings	660,687	689,741
	$1,634,677	$1,668,812

Contingency (Note 6)

APPROVED ON BEHALF OF THE BOARD

Chairman

Member

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED JULY 31, 1986

	1986	1985 (16 months)
Revenues		
Grain Centre revenues (Schedule A)	$263,621	$ 366,735
Profit on Commission owned grain	1,351	33,012
Other	1,915	1,976
	266,887	401,723
Expenses		
Grain Centre operating expenses (Schedule A)	542,770	545,565
Handling fees, other facilities	16,800	—
	559,570	545,565
Operating loss	292,683	143,842
Administrative expenses		
Construction and equipment purchases (Note 2)	18,017	810,666
Salaries	74,717	134,192
Travel and meetings	17,213	30,835
Office expenses	19,773	26,319
Provision for bad debts	11,579	18,362
Other	17,411	2,719
	158,710	1,023,093
Less: Interest income	83,380	99,401
	75,330	923,692
Loss before Government contribution	368,013	1,067,534
Contributions by the Province of Nova Scotia (Note 2)	338,959	1,093,873
Grants from Government of Canada	—	147,500
	338,959	1,241,373
Net income (loss)	(29,054)	173,839
Retained earnings, beginning of period	689,741	515,902
Retained earnings, end of period	$660,687	$ 689,741

NOTES TO FINANCIAL STATEMENTS
JULY 31, 1986

1. Authority

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of Nova Scotia. During the year three facilities were in operation, one in Steam Mill, Kings Co., one in Bayhead, Colchester Co., and one in Middleton, Annapolis Co.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contributions by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses as well as some of the capital expenses of the Provincial Grain Commission.

c) Short-term Investments:

Short-term investments are stated at cost. As at July 31, 1986, the market value of the investments equalled their cost.

d) Inventories:

Grain inventories owned by the Commission are valued at the market price on July 31, 1986. Grains in storage on behalf of producers are not reflected in these financial statements.

3. Year End

During 1985, legislation was enacted that changed the year end of the Commission from March 31 to July 31. This legislation had the effect of extending the 1984/85 year to the period April 1, 1984 to July 31, 1985 (sixteen months). Thus the 1985 comparative figures in these financial statements cover a sixteen month period.

4. Cash

Cash includes both the general cash of the Commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The Commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long term advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1986, $896,313 (July 31, 1985—$877,754) was still available to be advanced to producers.

	1986	1985
General operating accounts	$ 52,740	$ 176,921
Interest on advance payment account	191,990	153,984
Advance payment account	896,313	877,754
	$1,141,043	$1,208,659

5. Advances Receivable

Advances receivable at July 31, 1986 of $53,597 (July 31, 1985—$72,157) represent advances to the Nova Scotia Winter Grain Marketing Board for distribution to producers under the advance payment program.

6. Contingency

The Commission has been named as a third party in a lawsuit against a feed distributor. The suit was initiated by a farmer claiming the loss of livestock and revenues. The Commission intends to vigorously contest the claim. At the present time, it is not possible to determine the value of the claim or the outcome of the action. Settlement, if any, that may result from this lawsuit, is expected to be accounted for as a charge against income for the period inwhich settlement is made.

GRAIN CENTRE OPERATIONS
FOR THE YEAR ENDED JULY 31, 1986

Schedule A

	Steam Mill		Bayhead		Middleton	Nictaux	Total	
	1986	1985 (16 months)	1986	1985 (16 months)	1986	1985 (16 months)	1986	1985 (16 months)
Revenues								
Handling and drying fees	$210,155	$277,310	$ 38,217	$ 57,634	$15,249	$ 31,791	$263,621	$366,735
Operating Expenses								
Salaries	118,340	173,653	63,335	47,386	39,174	40,038	220,849	261,077
Insurance	24,752	21,249	6,723	4,285	6,496	3,094	37,971	28,628
Maintenance, rentals and repairs	94,372	52,652	35,370	29,823	32,052	19,784	161,794	102,259
Electricity	15,449	15,494	8,756	13,172	4,590	8,845	28,795	37,511
Fuel	33,631	42,014	7,131	11,391	3,226	10,285	43,988	63,690
Trucking	11,507	8,726	22,154	20,698	27	870	33,688	30,294
Storage	7,115	8,191	—	—	—	587	7,115	8,778
Handling	3,031	5,866	—	—	—	728	3,031	6,594
Other	428	3,219	4,668	1,214	443	2,301	5,539	6,734
	308,625	331,064	148,137	127,969	86,008	86,532	542,770	545,565
Operating loss	$ 98,470	$ 53,754	$109,920	$ 70,335	$70,759	$ 54,741	$279,149	$178,830

Note A: For the sixteen month period ended July 31, 1985, the Provincial Grain Commission operated a grain center at Nictaux, Annapolis County. On August 1, 1985 the Commission commenced operations at a new facility constructed in Middleton, Annapolis County. On this same date, the operations in Nictaux were ceased.